

AR52

Annual Report 1986



**Campbell Canada Steps Up
to the Vision**

**Our Vision is to be
a dynamic, market-
oriented, growth
company excelling
in the "well-being"
business.**

**A profound respect
for people.**

**A passion for creative
risk-taking.**

**An obsessive desire to
satisfy our customers
and consumers.**

Corporate Profile

Campbell Soup Company Ltd was incorporated in November 1930 and has been Canada's favourite soup maker ever since. Today, as well as being the largest producer of soups, the Company ranks high among the country's packaged foods manufacturers. It produces more than 250 products under the brand names Campbell's, Chunky, Swanson, Pepperidge Farm, Prego, Le Menu, Allen's, Mitchell's, "V-8," Gattuso, Franco-American, Bisto, A-1, Paterson's and Paxo. Products include frozen dinners and specialty vegetables, frozen desserts, juices, pasta, spaghetti sauces, condiments and fresh mushrooms. As well as servicing the retail market of independent grocers, grocery chains and convenience stores, the Company supplies a large institutional market

that includes hotels, restaurants, in-store bakeries, hospitals and schools. With its head office and major manufacturing plant in Etobicoke, the Company has seven other manufacturing plants located from Nova Scotia to Saskatchewan, plus three mushroom farms and one poultry farm.

The Company went public in July 1983, when 2,250,000 shares were sold by a secondary issue, representing 30 percent of shares outstanding. The shares trade on the Toronto, Montreal and Vancouver stock exchanges, under the ticker symbol CSC.

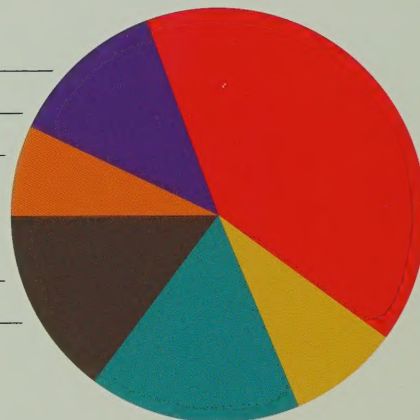
Onward and Upward

The steps depicted on our cover symbolize the corporate Core Values that are enabling us to move on up to our new Vision of Campbell Canada and achieve the financial objectives we have set for ourselves. The Campbell Kid cavorting on the top

step adds a whimsical touch to the visual theme while reminding us all of the Company's traditional commitment to the quality of its products and the wholesome well-being of the Canadian consumer.

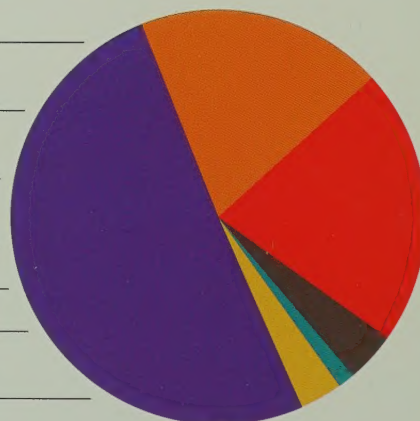
Portfolio of 1986 Sales Dollars

■ Soups	41.3%
■ Grocery	8.7%
■ Beverages	16.6%
■ Frozen	14.8%
■ Food Service	7.0%
■ Other Products	11.6%



Application of 1986 Sales Dollar

■ Ingredients, containers, supplies	50.9%
■ Salaries, wages, benefits	19.6%
■ Marketing and other general expenses	21.4%
■ Taxes	3.6%
■ Dividends	1.3%
■ Retained in the business	3.2%



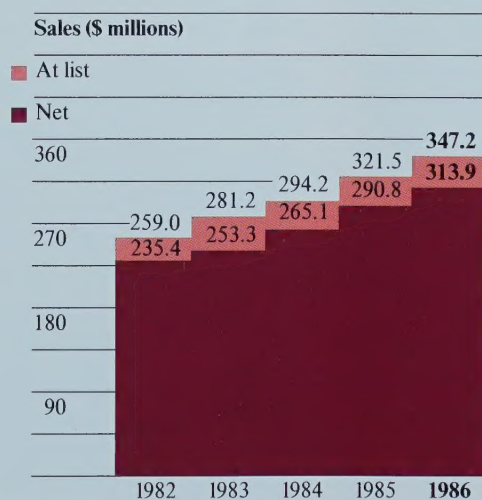
Financial Highlights

	53 weeks ended August 3, 1986 ³	52 weeks ended July 28, 1985	% Change
Income Statement (\$000's)			
Sales at list	347,216	321,521	+ 8.0
Net sales ¹	313,871	290,797	+ 7.9
Earnings before interest and taxes	28,470	22,445	+ 26.8
Earnings before extraordinary item	15,431	12,475	+ 23.7
Net earnings	15,431	10,946	+ 41.0
Financial Position (\$000's)			
Working capital	74,776	68,717	+ 8.8
Shareholders' equity	90,755	80,354	+ 12.9
Total assets	147,853	130,920	+ 12.9
Per Share (\$)			
Net earnings	2.06	1.46	+ 41.0
Book value	12.12	10.71	+ 13.2
Dividends	.62	.55	+ 12.7
Closing market price	34.00	22.00	+ 54.5
Key Ratios			
Return on net sales ²	4.9%	4.3%	
Return on average shareholders' equity ²	18.0%	16.2%	
Current ratio	3.46:1	3.85:1	
Volume Growth of Shipments			
Total products			+ 1.8
Campbell products			+ 6.0
CanVin products			- 10.7

¹ Net sales exclude off invoice price promotions, outbound freight, cash discounts, and sales returns and allowances.

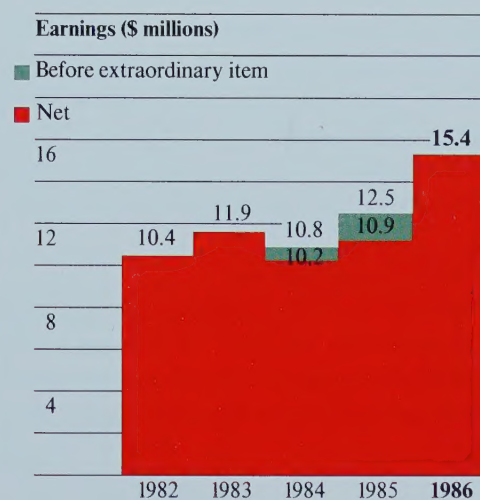
² Calculations are based on earnings before extraordinary item.

³ Fiscal year ends on the Sunday nearest July 31, resulting in a 53-week year in 1986.



Sales growth (%)

At list	- 0.4	+ 8.6	+ 4.6	+ 9.3	+ 8.0
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Earnings growth (%)

Before extraordinary item	- 18.2	+ 15.1	- 9.1	+ 15.1	+ 23.7
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Letter to Shareholders

In 1983, when we set out to transform ourselves into a “dynamic, market-oriented, growth company excelling in the well-being business,” we affirmed our belief in certain values that some people might dismiss as meaningless rhetoric.

Happily, we have demonstrated that when all the people in a company actually apply such concepts as a “respect for people,” a “desire to satisfy our customers and consumers,” and a “passion for creative risk-taking,” good things begin to happen. Best of all, those good things have a tremendous impact on the bottom line. Shown on the next page are four Campbell employees from the Toronto office and plant, who excelled at making the right things happen and were recognized for their initiative with a President’s award for 1986.

Sales Growth

For the third consecutive year, your Company generated significant gross revenue growth, amounting to eight percent in fiscal 1986. Overall, real volume increased by 1.8 percent. All brands, with the exception of some CanVin products, participated in this growth. In the case of CanVin, we rationalized some low-margin lines and improved brand profitability significantly. Virtually every one of our major brands increased their market share, led by Red & White condensed soup which for the first time in five years increased its annual average share. In addition, Chunky Soup, Prego Spaghetti Sauce, Le Menu frozen dinners, “V-8” juice and the FoodService Division all increased their share of market. We believe that these gains reflect our aggressive marketing program and our increased market focus.

Profit Performance

Operating profit, before interest and taxes, increased by a robust 27 percent to \$28.5 million. After allowing for the costs incurred in fiscal 1985 to consolidate our Ontario apple juice and vinegar

operations into our Chatham operation, net earnings grew by 41 percent to \$15.4 million.

This profit improvement was reflected in all major product categories. Particular mention should be made of the spectacular turnaround of our Frozen Food group which generated an operating profit for the first time in five years. In other product categories, profit increases came from improvements in product mix, cost controls, plant utilization and increases in real volume. The fact that this exceptional performance follows last year’s 15 percent growth is a clear indication that we have not only “turned the corner” but that we are capable of sustaining solid profit growth and thus of stepping up to our Vision as portrayed on the cover of this report. Such an achievement is attainable only by the combined efforts of everyone associated with the Company—employees, suppliers and management. To all of them goes our heartfelt thanks for a job truly well done!

Capital Investments

Just as our past investments in marketing programs have fueled our volume growth, so we are attempting to ensure our future profitability by keeping competitive with new technologies. In fiscal 1986, we spent \$9.4 million on capital investments, compared to \$5.0 million the previous year, and in excess of \$11 million planned for this year, including major efforts to upgrade both our information technology and our plants.

Strong Financial Base

With the exceptional growth in earnings and cash flow, our debt-to-total-capital ratio stood at a healthy 16.9 percent at year end. We believe we are in a strong position to make significant acquisitions. Although we aggressively pursued several opportunities during the past year, we were not able to consummate an acquisition that would make good economic and strategic sense. Nonetheless, we are confident that we will be able to take advantage of acquisitions both to increase our internal growth rate and to add new capabilities and skills in the future.

Changes in Senior Personnel

This past year was marked by the retirement of two Directors who had each played an important role in the success of Campbell Soup. Alexander M. (Bill) Williams retired on August 1, 1986 as President of the International Division of Campbell Soup Company, Camden, New Jersey. Bill had served as Chairman of our Board since 1982 and made a major contribution to the turnaround in the Company's fortunes. He was succeeded as a Director by John W. Argabright who was recently appointed President of the International Division. Jack joined Campbell Soup in Camden from R. J. Reynolds Industries, Inc. after extensive experience with several leading packaged goods companies.

I am very pleased to announce that R. Gordon McGovern, President and Chief Executive Officer of Campbell Soup Company, and a Director of this Company since 1982, has agreed to serve as Chairman of the Board following Bill Williams' retirement. Gordon has been a strong supporter of the rejuvenation of the Canadian Company.

Another Director, John H. (Hi) Grisdale took early retirement effective October 1, 1986 after more than 30 years service, most recently as Senior Vice President-Administration and Corporate Services. His contributions to the Management Committee were particularly critical during the past few years, as that group underwent a major transformation.



C. David Clark, President (far right), presents President's Awards to Doug Garrett, Industrial Engineering Manager (far left), and Sean Ganley, Area Manager, Warehousing (second from right), and President's

Citations to Joseph Karaz, Manager, Engineering and Maintenance (second from left), and Derick Hebert, Account Director, Ontario (centre).

During the year, Pierre Y. Couture joined us as Vice President—Sales after an extensive career with Procter & Gamble Inc. in sales management. I would also like to formally welcome two Directors who were first elected at our 1985 Annual Meeting—Nan-bowles de Gaspé Beaubien is Vice President—Human Resources of Telemedia Inc. and David R. McCamus is President and Chief Executive Officer of Xerox Canada Inc.

Acknowledgements and Outlook

Finally, on behalf of the Board and the Management Committee, I want to express our gratitude towards all the people in the Company who have done so much to make the right things happen. In the feature section that follows, we focus on how the application of our Core Values produced last year's gratifying performance. By continuing to practice these Core Values, we are confident that we can generate superior results again in fiscal 1987, despite an increasingly competitive market. Listed below are the key corporate objectives from our Strategic Plan, and a report card on our progress:

	Objective	Actual Performance		
		1986	1985	1984
Real Volume				
Growth (%)	+ 6	+ 1.8	+ 4.5	+ 4.0
Earnings Growth (%)	+ 15	+ 23.7	+ 15.1	-9.1
Return on				
Average Equity (%)	18	18.0	16.2	15.5

The whole management team currently is involved in a major reconsideration of those objectives and our strategies for the future. Given our progress in only three short years, I am confident that we will be lifting our sights even higher in the never-ending pursuit of our Vision as a "dynamic, market-oriented, growth company excelling in the well-being business."

C. David Clark
President
and Chief Executive Officer

October 1, 1986



Creative risk-taking:

Sponsored by Campbell Soup at the Culinary World Cup Championship held in Luxembourg February 1, 1986, Master Chef Edouard Colonerus topped close to 500 entries from around the world to win the individual

gold medal. In the months leading up to the competition, he dedicated himself to creating new dishes, his sights set on being the best worldwide in his profession. Above, Mr. Colonerus displays some of the dishes that earned him this distinction. Clockwise from upper left they are: Maple Strawberry Mousse, Tenderloins Le Menu, Poached Stuffed Pear and Veal Loin with Salmon Mousse.

Campbell Canada congratulates Mr. Colonerus for his outstanding accomplishments. As Campbell's Executive Chef, Research and Development Department, Mr. Colonerus applies his exceptional culinary talents developing and improving recipes in Campbell kitchens.

Stepping up to the Vision

This section of the report reaffirms our total commitment to our Core Values and to our Vision, which we announced in our annual report two years ago and which we graphically illustrate on the cover of this report. This section focuses on how the application of these Core Values produced last year's strong financial performance—a performance that is highlighted on page 1 and in the President's Letter to Shareholders.

Last year's gratifying results are due to the remarkable dedication to the Core Values on the part of people throughout the Campbell organization. Three aspects of achievement in particular warrant attention for their contribution to these results: our marketing and sales strategy, the continuing rejuvenation of the Company, and the efficient management of our assets. In the next few pages, we provide specific examples of success in each of these areas.

Marketing and Sales Strategy

Since 1983, Campbell Canada has changed dramatically from a production-oriented company to a consumer-driven corporation focusing on the needs of the marketplace—on what we refer to as the consumer “hot buttons.” Today's demographics and lifestyles have made consumers more

demanding than ever before. They insist on convenience, variety, nutrition, value and, whenever possible, freshness. Campbell is dedicated to meeting these demands.

To excel at satisfying consumer demands, the Company has adopted six working principles as a permanent part of its marketing strategy. The result has been an overall increase in market share and—notably in fiscal 1986—an increase in profit margins. Our marketing principles:

1. Every product we make must be of the highest possible quality and must provide real consumer satisfaction in its market sector.

The level of quality we are striving for is epitomized by Edouard Colonerus, our Executive Chef, who won the gold medal at the Culinary World Cup Championship in Luxembourg last February.

Naturally we feel proud and privileged to have such a talent contributing his best to the development and refinement of the foods we produce. Chef Colonerus is shown with some of his award-winning creations, on page 4.

2. Each product we produce must have meaningful characteristics that distinguish it from any competitive product. As a corollary to this, we must add real value to our products.
3. We must offer consumers the best possible combination of price and value.
4. We must make certain that Campbell Canada products come as close as they possibly can to having old-fashioned nutritious goodness.
5. We advertise our products widely and effectively to make their superior features familiar to consumers.
6. We strive to be the industry's most cost-efficient processor and packager, through advanced technology and innovative production techniques. Such efficiency gives us an important cost advantage in market positioning and price.



Desire to satisfy our customers and consumers: The sales and marketing team worked closely together to develop the cross-Canada "Well-Being Sweepstakes"

retail promotion. Launched in September 1986, the eight week promotion raises the profile of all Campbell Canada products while highlighting the Company's commitment to well-being. Above, details of the promotion are discussed by: Anthony Marchese, Sales Account Manager; Maureen McCaffrey, Product Manager, Frozen; Steven Simons, recently transferred from

Sales to become Assistant Business Development Manager, Marketing; and Roy Benin, Assistant Product Manager, Red & White Soup.

The Company has started to integrate the Sales and Marketing Departments. Through this interaction, marketers are gaining a better appreciation of the needs of trade customers. And sales staff are becoming more involved in the development of marketing programs.

The application of these six marketing criteria produced many successes during the past year. Some notable examples:

—*Soups*. Our major product category, soups once again increased market share and drove the Company's profit growth in fiscal 1986.

Extensive consumer research revealed that Canadians think of soup as a "warm, relaxing, slow food" and that Campbell's soups have earned a special trust over the years. Nation-wide interviews also showed that Canadian consumers identify strongly with the Campbell Kids whom they remember fondly from their youth. Accordingly, Campbell marketers reintroduced the Campbell Kids in advertising campaigns with the slogan "Once a Campbell Kid, always a Campbell Kid," and positioned Red & White soups as "Good Food That's Comforting." Retail sales volume of Red & White soups increased by four percent last year.

Meanwhile, Chunky soups continued to catch the attention of consumers wanting the hearty appeal of "The Soup That Eats Like a Meal." Enhanced by the addition of two new fish varieties, and supported by heavy advertising, Chunky enjoyed a 16 percent increase in consumer sales volume in fiscal 1986.

—*Prego Spaghetti Sauce*. The combination within the Prego product line of home-style taste, a new premium product, innovative advertising and a more eye-catching label generated a 16 percent gain in volume in 1986.

—*Frozen dinners*. The innovator in the premium market sector, Le Menu inevitably went through a costly start-up period. In 1986, however, Le Menu turned a profit for the first time, thanks to the popularity of the product, backed by heavy advertising and competitive pricing. The Company expects to further improve the effectiveness of Le Menu advertising, following qualitative research that discovered these premium dinners are as popular for regular family meals as they are for more formal adult-only dinners.

Increasingly, the Company is broadening the focus of its marketing program to include the other two segments of "well-being" besides nutrition; namely, fitness and lifestyle. For example:

- The successful 1985 fall corporate promotion, "Harvest of Good Values," is being succeeded this year by the "Well-Being Sweepstakes." The graphics for this promotion introduce the consumer to the three segments of well being, and prizes are structured around this focus.
- Campbell Canada is increasing its sponsorship of fitness activities. Notably, the Company will sponsor figure skating in Canada for the seventh consecutive year—both the nation-wide Canskate program for children, and specific skating competitions. As well, it has committed to sponsoring figure skating at the 1988 Calgary Olympics.

Continuing the Rejuvenation

No policy could have greater bearing on the character of a company than one based on a profound respect for people. Although respect is a quality that obviously must come willingly from each individual, the Company has nurtured it through several organizational innovations.

For example:

—*Team building*. In each function within the Company, from product research and production through to marketing, sales and financial management, Campbell people are being encouraged to work closely together to achieve corporate goals. Employees are discovering, to great satisfaction, that team work brings out the best in each individual. Management Committee members reaffirmed their belief in this principle by embarking in September 1986 on an "Outward Bound" Wilderness School where they spent seven days canoeing, portaging and cliff-climbing through the rugged terrain of Northern Ontario. They are shown on page 29 following a strenuous climb.

—*Interaction*. Beginning this past year, there has been a deliberate effort to bring together employees from different departments to work on projects jointly and thereby develop a useful sharing of ideas. This interaction has been particularly evident between the Sales and Marketing



Respect for people: On their own initiative and time, employees at the St. Marys poultry processing plant this past year developed a work rotation system to alleviate a common assembly-line ailment similar to “tennis elbow” but affecting the

wrist. Three employees proposed the new system to local management, drawing on experience gained in the plant’s quality circle to effectively organize and make their presentation. Management was impressed with the practicality and the potential benefits of the proposal, and gave the go-ahead for a trial run, and subsequently for adoption of the system.

The rotating of routine cutting tasks in the raw-boning department not only alleviated the wrist ailment, but improved the morale of the approximately 100 employees involved. It also is expected to have a positive effect on quality, productivity and cost. The three employees who made the proposal received a President’s Award. Shown above are the award winners Judy Deline, Karen Casey and Cathy Vessie.

Departments where, for example, they jointly developed ideas for the “Well-Being Sweepstakes” corporate promotion. A joint meeting is shown in the photo on page 6. As well, the Company in 1986 began an exchange of employees between these two departments to help develop products and promotions that will satisfy our customers and consumers even better than before.

—*Reorganization.* By realigning and combining the sales forces into one organization in each region of the country, the Company has created a structure in which salesmen cover either the individual retail outlets, or head offices of chain stores and wholesalers’ head offices. This arrangement enables them to better service their customers’ needs. One by-product of this reorganization has been a dramatic resurgence in morale, as was clearly evidenced at last spring’s National Sales Conference where the theme was: “People make the difference and the difference is you.”

—*Pushing down decision-making.* Among other things, respecting people means trusting them to make decisions about the work they are doing. At Campbell Canada, we delegate decision-making and corresponding accountability to the most effective job level. An outstanding example of the benefits of this approach was the introduction last year of the successful new work schedule at the St. Marys poultry plant, for which three employees, shown in the photo on page 8, won President’s Awards.

—*Creative risk-taking.* Employees are encouraged to assess established products and work habits to discover how these might be improved. They are encouraged to recommend innovations or changes, even if they involve risks, when the odds favour success. Outstanding successes such as the new rotating work schedule at St. Marys, mentioned above, win recognition in the form of President’s Awards and President’s Citations. Other Awards this year went to: Doug Garrett, Industrial Engineering Manager, for providing a constructive communications forum called Campbell Contact for individual employees who have work-related problems or sensitive questions; and to Sean Ganley, Area Manager, Warehousing, for his outstanding cost-saving initiatives during the closing of the Toronto juice plant.

Asset Management

To help achieve the growth objectives of the Strategic Plan, Campbell management has been striving to maximize the return on assets over the medium and long term. Action on several fronts paid off handsomely in improved cash flow and wider gross margins in fiscal 1986.

- Campbell Canada shut down its seasonal apple juice and vinegar operations at Toronto and Thornbury, consolidating this business into its tomato-based plant in Chatham. The result is an economic, year-round operation.

At the same time, the Company rationalized its mix of juice products, with a dramatic impact on profits.

- The Company is investing heavily in management information systems to increase efficiency and contain costs. Major development areas are in Sales and Planning, Manufacturing and Finance. The benefits within Sales will include the streamlining of customer ordering by introducing direct computer-to-computer communication. Another benefit will be the ability of sales representatives to provide customers with immediate analysis of sales data by the use of hand-held computers. Additional services further strengthen the Company’s relationship with customers.

The Company is also directing significant amounts toward modernization and expansion.

We are gratified by the results from applying our Core Values and working steadily toward our corporate Vision during the past three years. However, we are less excited about these achievements than we are about the potential that lies ahead as we continue to apply our corporate strategies in the coming years.



Campbell Canada produces a wide variety of packaged food products—more than 250 sold under more than 15 brand names. Assisted by analysis from Marketing, the Company's Research and Development team is con-

stantly refining existing products to satisfy changing and regional tastes; modifying recipes of products developed by Campbell Soup Company of Camden, New Jersey, and introduced into Canada, to suit the Canadian palate; and developing new products aimed at the "hot buttons" of the modern consumer.

It is to its great benefit that Campbell Canada enjoys a full exchange of ideas, formulae and technology with its major shareholder, Campbell Soup Company. Increasingly, Campbell Canada's own kitchens also are originating new products. Products developed by Campbell Canada include Calorie-Reduced soups, Seafood in Pastry and Le Menu's Lasagna Romano.

Review of Businesses

Building on the previous year's success, Campbell recorded sales totalling \$347.2 million in fiscal 1986. This new high represented an increase of eight percent over 1985 sales and a 1.8 percent increase in real volume.

Profits increased by an outstanding 24 percent, largely as a result of improved production efficiencies, a more profitable product mix, and aggressive efforts in marketing and sales.

Campbell Canada launched two new product lines in fiscal 1986: Rich & Creamy gold label soups, and an imported line of premium-quality cookies under the world-renowned Delacre label. The Company also added varieties to existing product lines, including soups, frozen dinners, spaghetti sauces and desserts, and it began test marketing a new Pepperidge Farm entree, Seafood in Pastry.

Soups

Total market (canned and dried)	\$374 million
Campbell's share	46.9% (total) 62.1% (canned)
Market position	No. 1
Volume change in '86	Red & White, up 0.6%; Chunky Ready-to-Serve, up 14.8%
Plant locations	Toronto, Ontario Portage la Prairie, Manitoba
Other canned foods	Franco-American spaghetti, macaroni and gravies

In a Canadian soup market that grew by only two percent, Campbell's Red & White brand managed a remarkable increase of 3.9 percent in retail sales volume in fiscal 1986. The year's figures for shipments to trade customers remained virtually unchanged from 1985 due primarily to significant customer inventory consolidation in the Ontario market.

Meanwhile, Chunky brand soups enjoyed a strong increase of 16 percent in retail sales volume and 15 percent in shipments.

Several initiatives and innovations within the Red & White group enhanced Campbell's presence in the marketplace:

— In June and July of 1986, the launching of Rich & Creamy soups, premium quality soups distinguished by a gold-and-white label, offered consumers a choice of six varieties—Cream of: Asparagus, Leek, Potato, Celery, Chicken, and Mushroom.

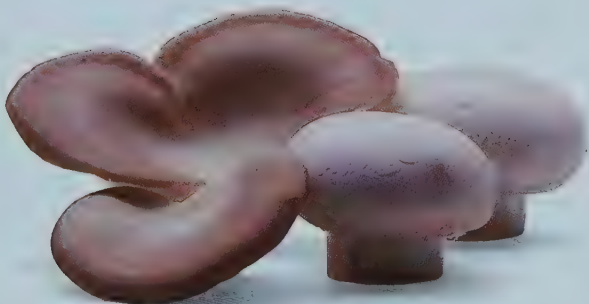
— A new multi-media advertising campaign outside Quebec identified Red & White soups as "Good Food That's Comforting" — to evoke the response of soup lovers across the land, who revealed in market surveys that they harbour fond, sentimental memories of Campbell's soups

from years past. In keeping with this new campaign, the popular Campbell Kids were reintroduced in advertising.

—The Company increased its share of the important tomato soup market in Quebec by introducing Grand-Mère Tomato, a richer, more savoury version designed to appeal to Quebec tastes. It also launched Grand-Mère Vegetable.

—Two new varieties of Homestyle soups, Beef Noodle and Tomato with Vermicelli, went onto the market outside of Quebec, along with a new variety of Calorie-Reduced Soup, Scotch Broth.

Chunky soups exploited the growing popularity of seafood soups by introducing two new varieties, Fisherman's Chowder and Manhattan Clam Chowder, to complement the already popular New England Clam Chowder. With these additions, introduced in the second quarter, the Chunky line of seafood soups quickly passed its leading competitor in overall sales. Chunky's robust growth in 1986 can also be attributed to an aggressive marketing campaign that reinforced its image as "The Soup That Eats Like a Meal." One especially successful project, built on a camping theme, effectively integrated media and point-of-sale promotions.



Spaghetti Sauces

Total market (premium glass segment)	\$42 million
Campbell's share	25.3%
Market position	No. 2
Volume change in '86	Up 16%
Brand	Prego, Prego Plus
Plant location	Chatham, Ontario

With the launching of Prego Plus in January, the Prego group of spaghetti sauces posted a 26 percent increase in retail sales in fiscal 1986, thereby boosting its overall market share at the retail level by slightly more than one percentage point, to 13 percent. At the same time, volume shipments of the Prego brand family increased 16 percent, while dollar shipments grew 26 percent, reflecting the new premium product.

Prego's performance has borne out Company expectations that were established soon after the original Prego was launched in September 1983. An immediate success, it clearly paved the way for launching of Prego Plus. The new product line is offered in three varieties, each containing large chunks of meat and/or vegetables as designated by the "Plus": Tomato and Mushroom, Italian Sausage and Green Pepper, and Ground Sirloin with Onion.

Prego and Prego Plus, combined, rank second by volume in retail market share in the fast-growing glass sector of the spaghetti sauce market, which at year end represented more than 57 percent of the total market for this product.

The Prego name appeared larger than ever on supermarket shelves with the introduction of a new package label. Sales also got a big boost from an award-winning billboard advertising campaign that presented Prego as Pasta's Perfect Partner. This campaign won an award as the best outdoor advertising campaign in the food category in North America. It has since been entered into a world-wide competition.



Campbell Canada has positioned Chunky Soup as "The Soup That Eats Like a Meal." Chunky is targeted at modern consumers who have busy lifestyles and demand light meals that are easy to prepare. The meal above includes Chunky Manhattan Clam Chowder as the main

dish, accompanied by Pepperidge Farm Vegetables in Pastry Green Bean with Mushroom Sauce as a side dish, and Pepperidge Farm Devil's Food Layer Cake for dessert. The beverage is nutritious "V-8" juice.

Frozen Foods

Total market	\$289 million
Brands	Swanson, Pepperidge Farm, Le Menu
Market share	Dinners, 52.8%; meat pies, 18.7%; chicken products, 30.6%; desserts and pastries, 26.4%; premium dinners, 15.1%
Market position	Dinners, No. 1; meat pies, No. 3; chicken products (formed), No. 2; desserts and pastries, No. 3; premium dinners, No. 3
Volume change in '86	Swanson, down 2%; Pepperidge Farm, up 7%; Le Menu, up 17%
Plant location	Listowel, Ontario

Campbell's frozen food sales in 1986 were especially encouraging. Although shipments of Campbell frozen foods increased by only two percent, compared with an average eight percent for the market as a whole, Le Menu dinners recorded a 17 percent increase, Pepperidge Farm specialty vegetables, entrees and desserts managed seven percent, and profits for this sector were up significantly from 1985. The Swanson product line, which had a two percent decline in volume, picked up new momentum as the year progressed.

Le Menu increased its market share in fiscal 1986 despite strong competition from imitators. Having absorbed high start-up costs, Le Menu this year, as planned, posted its first profit. Two new line extensions, Fillet of Sole and Lasagna Romano, won immediate favour from consumers.

Swanson's improving performance can be attributed to the innovation in Ontario of its microwavable packaging, along with competitive pricing and improved cost controls.

An aggressive trade promotion program boosted the sales volume of Pepperidge Farm layer cakes by more than 20 percent and became a primary factor in the brand's overall performance for the year. Pepperidge Farm added one new variety, Cauliflower and Broccoli, to its Vegetables in Pastry line. In Alberta, it began test-marketing a premium entree, Seafood in Pastry, in four varieties: Crab Imperial, Shrimp Newburg, Lobster Veloute, and Scallops St. Jacques.

Pure Apple Juice

Total market (Eastern Canada only)	\$100 million
Brands	Allen's, Mitchell's
Market share	18%
Market position	No. 1
Volume change in '86	Up 12%
Plant locations	Chatham, Ontario Wolfville, Nova Scotia
Other beverages	Fruit drinks, apple crystals

Campbell improved the profitability of its CanVin Division juice operations in 1986 despite a decline in overall sales volume. In Ontario and the Atlantic Provinces, the Company increased its share of the pure apple juice market.

The Company improved results from its fruit juice operations by reducing overhead costs and improving the product mix. Reductions in overhead were achieved by consolidating production in plants in Chatham, Ontario, and Wolfville, Nova Scotia. In the spring and summer of 1985, equipment from two Ontario plants, in Thornbury and Toronto, was moved to Chatham and integrated into an existing plant which had been based chiefly on the processing of tomatoes. While initial start-up difficulties resulted in a production shortfall, savings from consolidation began appearing in fiscal 1986.

Improvements in product mix meant downplaying the marketing of relatively poor performers such as reconstituted citrus juices, fruit drinks and reconstituted apple juice and eliminating unprofitable package sizes.

Campbell is putting increased concentration on Allen's and Mitchell's pure apple juices, which continue to attract a large following of consumers.





Our research has found that Le Menu frozen premium dinners are as popular for casual family meals as they are for more formal adult-only dinners. Above, Le Menu Beef Sirloin Tips—sirloin served with mushrooms, o'Brien potatoes and broccoli with cheddar cheese sauce—is presented as the

entree, with recently launched Rich & Creamy Cream of Asparagus Soup as the appetizer. For dessert, there is another recent introduction, Delacre cookies imported from Campbell International's Belgium Division. The beverage is nutritious Allen's apple juice.

Condiments

Brands	Allen's Vinegars; Allen's and Mitchell's Apple Sauce; Bisto Gravy Maker; A-1 Steak Sauce; Paterson's Worcestershire Sauce; Paxo Stuffing
Market position	Vinegar, No. 2 nationally; Apple Sauce, No. 1 Ontario and Quebec; Gravy Maker, No. 1 nationally
Volume change in '86	Down 7%
Plant locations	Saskatoon, Saskatchewan Chatham, Ontario Wolfville, Nova Scotia

Despite aggressive price competition from private label apple sauces, the Company has managed to improve the sales volume of its Allen's and Mitchell's apple sauces in recent years by a series of aggressive moves. In fiscal 1983, responding to a consumer preference for healthier products, the Company introduced an unsweetened apple sauce. In fiscal 1985, it followed up with a second unsweetened variety made from MacIntosh apples. The results showed up in fiscal 1986 as a gratifying three percent increase in volume.

Advertising and in-store promotions have encouraged the use of apple sauce in recipes and as a dessert. Fresh initiatives in marketing, labeling and new products are being undertaken to stimulate sales further in fiscal 1987.

Bisto gravy maker, although experiencing a reduced volume of sales, posted an increase in profits in fiscal 1986. Sales volumes were also down for Paxo Stuffing and A-1 Steak Sauce, as competition in their markets intensified. To counteract these trends, the Company is now adopting a series of vigorous measures, including the introduction of new products and varieties, and new marketing programs. As well, there are initiatives to better contain costs.

The market for vinegars remained highly competitive. The Company is currently investigating ways of improving the performance from its vinegar business in fiscal 1987.

Mixed Vegetable Juices

Total market	\$117 million
Brand	"V-8"
Market share	23.4% 61.0% (regular vegetable juice segment)
Market position	No. 1
Volume change in '86	Up 12%
Plant location	Chatham, Ontario

Shipments of "V-8" juice in fiscal 1986 grew twice as fast as the Canadian vegetable and tomato juice market as a whole, increasing by 12.3 percent compared to 6.0 percent for the market. "V-8" made its most spectacular gain in the institutional market, moving ahead by more than 25 percent.

Recent product and packaging innovations, along with other initiatives undertaken in fiscal 1986, now promise to continue the momentum of "V-8's" market growth. In London, Ontario, the Company has begun test-marketing refrigerated "V-8," and early results suggest that the product in this form could broaden the market substantially. Following up on the success of the "V-8" Tetra Brik container in fiscal 1985, the Company began packaging the product also in a convenient new "plastishield" bottle.

Meanwhile, "V-8" recouped its market share in Quebec after a temporary stall caused by aggressive pricing by a competitor. And, as predicted in last year's annual report, the Company made inroads with "V-8" in Western Canada by pushing the "V-8" Equals Vegetables advertising campaign that produced such rewarding results in the East during fiscal 1985.



Italian Specialties

Brand	Gattuso
Products	Pasta; spaghetti, pizza and lasagna sauce; olives, gherkins, onions, cauliflower, pimentos; olive and soya oil; Instant Snack in a Cup, Shang-Tai Wonton Soup
Market position (Quebec)	The No. 1 brand in olives, instant snack, pizza and lasagna sauce
Volume change in '86	Up 3%
Plant location	Montreal, Quebec

Sales volume of Italian specialties increased by three percent from fiscal 1985, thanks largely to a 30 percent volume growth in Instant Snack in a Cup and major comebacks by Gattuso dry pasta and olives. Gattuso more than tripled its share of the dry pasta market in Quebec through the introduction of new packaging—an 800 gram size versus one kilogram—and a strong promotion program.

In the final quarter of fiscal 1986, Gattuso introduced consumers in the Maritimes to its pasta, sauces, Instant Snack and Shang-Tai Wonton Soup. As well, two new products, Hot and Spicy Pizza Sauce in a 213 milliliter can were successfully launched in Quebec. The Company also developed new products for launching in fiscal 1987. These include Gattuso Italian soups in four varieties (Tortellini, Tomato with Rice, Lentil, Minestrone) and a natural spaghetti sauce entirely free of additives, scheduled for introduction this fall.

Biscuits

In another significant move, Campbell entered the cookie market. In June it began importing an internationally-renowned line of premium cookies from the parent Campbell Soup Company's Delacre cookie plant in Belgium. The line includes six varieties of boxed cookies and a seasonal line of tinned cookies. The initial response was most encouraging.

Mushrooms

Markets	Fresh market sale and product ingredient
Volume change in '86	Up 4%
Farm locations	Portage la Prairie, Manitoba Wellington, Ontario Oakville, Manitoba

Campbell's mushroom production, undertaken originally to provide the Company with an in-house source of supply for its soup-making, has in recent years branched out profitably into the retail market.

In fiscal 1986, production increased by four percent. The retail side of the business increased by 2.5 percent, and the extra volume went into Campbell's own soup kettles.

Now the Company is making a concerted effort to stimulate retail sales and profits in fiscal 1987. It began by expanding its in-store program of direct sales by moving it into Saskatchewan from Winnipeg and into the huge Toronto market from its initial market in the Belleville—Kingston area. Store-door sales are being supported by in-store demonstrations and recipe promotions. The marketing campaign places emphasis on ensuring superior quality and continuity of supply.

FoodService Divison

This division serves as the Company's conduit to the institutional market, consisting of hotels, restaurants, in-store bakeries, hospitals and educational establishments across Canada. Through the Company's special sales team, these institutions are supplied with the full range of Campbell, CanVin and Gattuso brands.

In fiscal 1986, the Company's volume of sales to the institutional market increased by 12 percent, and profits grew substantially.

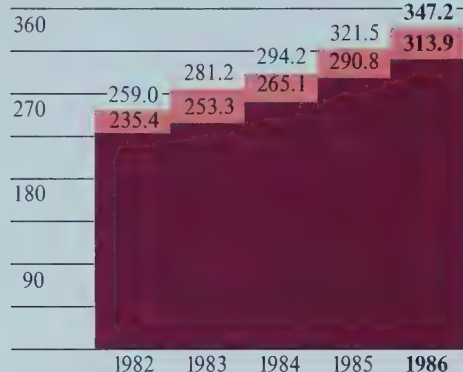
This success resulted from an aggressive sales effort enhanced by some restructuring within the division, a new emphasis on servicing national accounts, and line extensions of products for which demand was already strong. An outstanding performer was frozen soups, which were introduced in September 1984 and rolled national in fiscal 1986. Six varieties of frozen soups were introduced during the year, to bring the total to 12.

Financial Review

Sales (\$ millions)

At list

Net



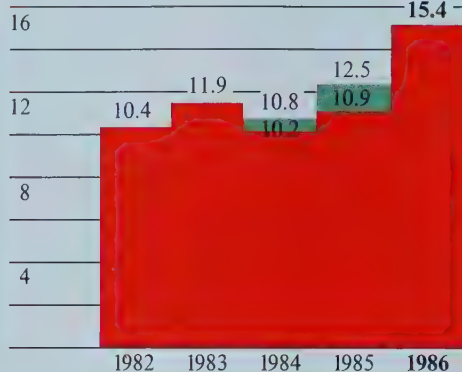
Sales: In fiscal 1986, sales revenue grew to \$347.2 million from \$321.5 million in 1985, an increase of 8.0 percent. The revitalization program that was started in 1983 is continuing to have the desired positive impact. Domestic volume was up 1.8 percent. Although this is below last year's growth level of 4.5 percent and below the corporate target of six percent, the results were still encouraging.

Growth was particularly strong in our traditional Campbell product lines, Red & White Soup, Chunky Soup, Pepperidge Farm, "V-8," and FoodService. Volume was down considerably in our commodity-oriented business—reconstituted apple juice and vinegar. This decline was driven partially by a decision to eliminate some low-margin products and some bulk sales.

Earnings (\$ millions)

Before extraordinary item

Net



Earnings: With net operating earnings ahead by more than 23 percent to a record \$15.4 million (\$2.06 per share), the Company exceeded its corporate target of 15 percent earnings growth for the second consecutive year. Earnings were 48 percent above the level before the corporate revitalization programme was initiated in early fiscal 1983.

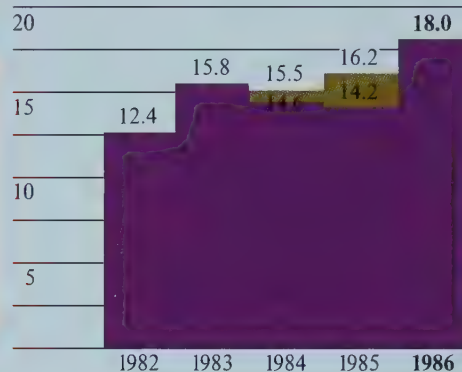
The driving forces behind the profit gains were better gross margins and an enhanced product mix. For the third consecutive year, product costs as a percentage of revenue improved, declining to 66.7 percent from 68 percent last year and 69 percent in 1984. Profit improvements were most dramatic in frozen food, food service, beverages and condiments. The improvements in beverages and condiments were a result of a changed product mix and of production gains derived from the 1985 consolidation of our Toronto and Thornbury juice and vinegar operations into Chatham.

The earnings gain was despite the increase in the effective tax rate from 43.3 percent to 44.6 percent. The tax increase resulted from the elimination in February of the three percent inventory allowance, which reduced earnings by 5 cents per share.

Return on Shareholders' Equity (%)

Before extraordinary item

Net

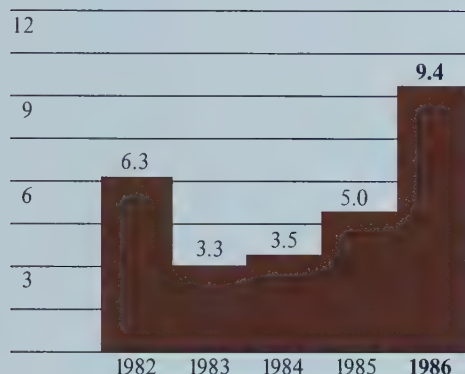


Financial Condition: The Company's financial strength continued to improve in 1986. The ratio of debt to capitalization was reduced to 16.9 percent from 18.6 percent in 1985. The current ratio dropped from 3.85:1 in 1985 to 3.46:1 this year.

Significantly, the Company for the first time achieved its 18 percent target for return on average shareholders' equity. This return compares with 16.2 percent in fiscal 1985 and 12.4 percent in fiscal 1982.

In July, the Company purchased 11,100 of its outstanding common shares on the open market, at a cost of \$380,000, to be used for the new Employee Share Option Plan established during the year.

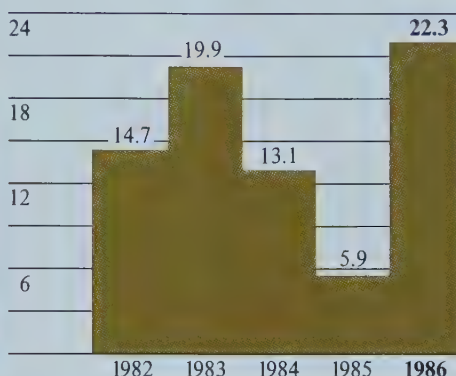
Capital Expenditures (\$ millions)



Capital Expenditure: In fiscal 1986, capital expenditures increased 88 percent to \$9.4 million. This increase followed a 43 percent rise in fiscal 1985, to \$5.0 million. While the rate of increase will moderate, the Company is committed to capital investment as a strategic thrust. Capital expenditures will continue to be financed through cash flow from operations, which amounted to \$22.3 million in fiscal 1986.

The capital spending program is directed both toward upgrading existing assets and toward developing areas that will provide the Company with a technological advantage. Spending in fiscal 1986 included electronic vegetable sorting and peeling equipment, and further development of the Company's management information systems.

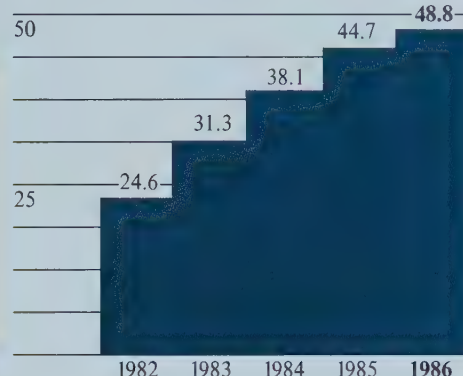
Cash Flow from Operations (\$ millions)



Cash Flow: The driving force behind the Company's financial strength continues to be cash flow from operations. Net of bank indebtedness, the cash position increased to \$23 million from \$16 million in 1985.

The increase in cash was a result of high net earnings. At the same time, receivables, payables and inventories remained at levels comparable to 1985. In 1985, inventories had increased substantially. The increase in cash and temporary investments in 1986 generated interest income, which helped to offset the interest costs associated with our long-term debt. However, interest income was affected by the easing of investment rates.

Marketing Expenditures (\$ millions)



Marketing: As was the case last year, volume growth was fueled by our commitment to marketing and new product development. Our marketing expenditures, however, increased by only nine percent which was comparable to the sales dollar increase of eight percent but significantly below the 17.3 percent increase in 1985. An increase similar to this past year's is planned for fiscal 1987.

The marketing team developed a very effective overall program of advertising and promotions, some of which won awards for the advertising agency involved, for creativity and excellence. Award winners included the Chunky Bus Campaign, whereby some public transit buses in Toronto and Vancouver carried only Chunky Soup ads; the exclusive use of Campbell advertising in an issue of Canadian Living Cookbook; and the Prego outdoor advertising campaign, Pasta's Perfect Partner.

Balance Sheet

(in thousands of dollars)

	August 3, 1986	July 28, 1985
Current assets:		
Cash	\$ 13	\$ 185
Temporary investments, at cost which approximates market	26,185	17,466
Accounts receivable	21,241	19,005
Inventories (Note 2)	56,099	54,922
Prepaid expenses	1,588	1,259
	105,126	92,837
Fixed assets (Note 3)	42,727	38,083
	\$147,853	\$130,920
Current liabilities:		
Bank indebtedness	\$ 3,442	\$ 1,646
Accounts payable and accrued liabilities	21,420	20,397
Due to affiliated companies, net	9	1,281
Income taxes payable	5,479	796
	30,350	24,120
Note payable (Note 4)	19,912	19,900
Deferred income taxes	6,836	6,546
Shareholders' equity:		
Capital stock (Note 5)	2,496	2,500
Earnings retained in the business	88,259	77,854
	90,755	80,354
	\$147,853	\$130,920

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



Director



Director

Statement of Earnings and Earnings Retained in the Business

(in thousands of dollars except per share amounts)		53 weeks ended August 3, 1986	52 weeks ended July 28, 1985
Sales at list		\$347,216	\$321,521
Sales deductions, price promotions and freight		33,345	30,724
Net sales		313,871	290,797
Costs and expenses:			
Cost of products sold		231,639	218,572
Marketing and selling expenses		41,516	39,175
Administrative expenses		12,246	10,605
Interest expense, net (Note 6)		630	452
		286,031	268,804
Earnings before income taxes and extraordinary item		27,840	21,993
Less: Income taxes (Note 7)		12,409	9,518
Earnings before extraordinary item		15,431	12,475
Less: Extraordinary item (Note 8)		—	1,529
Net earnings for the year		15,431	10,946
Earnings retained in the business at beginning of year		77,854	71,033
Dividends		(4,650)	(4,125)
Premium paid on purchase of common shares (Note 5)		(376)	—
Earnings retained in the business at end of year		\$ 88,259	\$ 77,854
Earnings per share:			
Earnings before extraordinary item		\$ 2.06	\$ 1.66
Net earnings for the year		\$ 2.06	\$ 1.46

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position

(in thousands of dollars)

53 weeks ended
August 3, 1986

52 weeks ended
July 28, 1985

Cash provided by:

Operations –

Earnings before extraordinary item	\$15,431	\$ 12,475
Items not requiring the use of funds –		
Depreciation	4,095	4,167
Deferred income taxes	290	321
Amortization of discount on note payable	12	13
(Increase) decrease in non-cash working capital (see below)	2,488	(11,114)

Cash provided by operations

Cash provided by operations	22,316	5,862
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Sale of fixed assets, net	710	678
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	23,026	6,540
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Cash used for:

Purchase of fixed assets	9,449	5,025
Dividends	4,650	4,125
Purchase of common shares	380	–
Extraordinary item	–	1,529

	14,479	10,679
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Increase (decrease) in cash and temporary investments

	\$ 8,547	\$ (4,139)
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(Increase) decrease in non-cash working capital:

Increase in accounts receivable	\$ (2,236)	\$ (3,088)
Increase in inventories	(1,177)	(8,347)
Increase in prepaid expenses	(329)	(302)
Increase (decrease) in bank indebtedness	1,796	(3,419)
Increase in accounts payable and accrued liabilities	1,023	4,098
Decrease in due to affiliated companies, net	(1,272)	(79)
Increase in income taxes payable	4,683	23

	\$ 2,488	\$(11,114)
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The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

(a) Fiscal Year

The Company's fiscal year ends on the Sunday nearest July 31. In 1986, this resulted in a 53 week year (1985—52 week year).

(b) Inventories

Inventories are valued at the lower of average cost or market. Market is defined as current replacement cost for raw material, containers and supplies and net realizable value for finished products.

(c) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Alterations and major overhauls which substantially extend the lives of properties or materially increase their capacity are capitalized. The amounts of property disposals are removed from fixed assets and accumulated depreciation accounts and the differences included in earnings. Ordinary repairs and maintenance are charged to costs and expenses.

(d) Depreciation

Depreciation is provided on the straight-line method using the following rates designed to write off the cost of assets over their estimated useful lives:

Buildings	2.2%– 6.7%
Machinery and Equipment	5.0%–20.0%

(e) Income Taxes

The Company follows the tax allocation method of providing for income taxes. Deferred income taxes result from claiming certain costs and expenses for income tax purposes in different periods from those in which they are recorded for financial statement purposes. The most significant of these timing differences relates to fixed assets.

(f) Pension Plan

The Company has a non-contributory defined benefit pension plan covering substantially all employees. Current service costs are charged to operations as they accrue while past service costs are amortized over a period not exceeding fifteen years.

(g) Foreign Currency Translation

The Company translates all trading transactions denominated in foreign currencies to Canadian dollars at the rate of exchange in effect on the transaction date. Monetary assets and liabilities resulting from such transactions are adjusted to reflect the exchange rates in effect at the balance sheet date and the resulting gain or loss is included in the statement of earnings.

(h) Amortization of Discount

The Company amortizes discount on notes payable over the term of the related obligation on a straight-line basis.

2. Inventories

(in thousands of dollars)	1986	1985
Raw materials, containers and supplies	\$24,422	\$22,203
Finished products	31,677	32,719
	\$56,099	\$54,922

3. Fixed Assets

(in thousands of dollars)	1986		1985	
	Cost	Accumulated depreciation	Net	Net
Land	\$ 637	\$ –	\$ 637	\$ 675
Buildings	36,873	18,175	18,698	17,344
Machinery and equipment	61,567	40,045	21,522	17,520
Projects in progress	1,870	–	1,870	2,544
	\$100,947	\$58,220	\$42,727	\$38,083

4. Note Payable

The note payable bears interest at 11⁷/₈% per annum and commencing July 27, 1989.
is repayable in five annual instalments of \$4,000,000

5. Capital Stock

(in thousands of dollars)	1986	1985
Authorized—unlimited number of First Preference Shares, issuable in series		
—unlimited number of common shares		
Issued —1986—7,488,900 common shares		
(1985—7,500,000 common shares)	\$ 2,496	\$ 2,500

On May 23, 1986, the Company established an Employee Share Option Plan for selected officers and other key employees. As at August 3, 1986 options for the purchase of 34,250 common shares had been granted, none of which had been exercised. These options are exercisable at a price of \$34 per common share (market value at date of granting) and expire on June 26, 1996.

To fund the Employee Share Option Plan the

Company, during July 1986, purchased on the open market and then subsequently cancelled 11,100 of its outstanding common shares. The shares were purchased for \$380,000 and the premium paid on that purchase has been charged to earnings retained in the business.

Subsequent to the year end, the Company purchased for cancellation 29,800 additional common shares for \$1,009,000.

6. Interest Expense, Net

(in thousands of dollars)	1986	1985
Interest expense on note payable	\$ 2,414	\$ 2,375
Other interest expense	121	128
	2,535	2,503
Interest income	1,905	2,051
	\$ 630	\$ 452

7. Income Taxes

The Company's effective income tax rate is as follows:	1986	1985
Combined basic Canadian federal and provincial income tax rate	50.6%	49.7%
Increase (decrease) in the income tax rate resulting from:		
Manufacturing and processing profits deduction	(4.3)	(4.2)
Inventory allowance	(1.5)	(2.7)
Miscellaneous	(0.2)	0.5
Effective income tax rate	44.6%	43.3%

8. Extraordinary Item

The 1985 extraordinary item represents a provision for costs associated with the consolidation of Ontario apple and vinegar production into the Company's Chatham facility in the amount of \$2,831,000, less applicable income tax benefits of \$1,302,000.

9. Related Party Transactions

Campbell Investment Company, a wholly-owned subsidiary of Campbell Soup Company, Camden, New Jersey, owns approximately 70% of the outstanding common shares of the Company. Sales to and purchases from Campbell Soup Company and its affiliates are made at prices and on terms similar to those with outside parties. In addition, costs and expenses include amounts charged by Campbell Soup Company in respect of certain management, administrative, technical and other services. Sales to, purchases from and charges by Campbell Soup Company and its affiliates are not significant to the Company's operations.

10. Pension Plan

During the fiscal year the Company significantly enhanced the benefits of the employee pension plan. After these improvements the unfunded obligation for pension benefits as at December 31, 1985 relating to past service amounted to \$6,200,000. The unfunded obligation is being funded and charged to earnings annually over a period not exceeding fifteen years. After the above improvements, the total pension plan charge for the fiscal year ended August 3, 1986 was approximately \$1,400,000 (1985 – \$1,700,000), net of an actuarial experience gain of approximately \$1,100,000 (1985 – nil).

11. Segmented Information

The Company manufactures, packages and distributes prepared convenience foods, and as such is considered to operate in a single industry. Export sales are not significant to the Company's operations.

12. Lease Commitments

The Company leases various premises, vehicles and equipment under non-cancellable operating leases (in thousands of dollars) expiring at various dates. Total commitments under these leases are as follows:

1987	\$ 845
1988	678
1989	498
1990	308
1991	32
1992 and thereafter	14
	\$2,375

Auditors' Report

To the Shareholders of
Campbell Soup Company Ltd:

We have examined the balance sheet of Campbell Soup Company Ltd as at August 3, 1986 and the statements of earnings and earnings retained in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at August 3, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Pricewaterhouse

Chartered Accountants
Toronto, Canada
September 5, 1986

Quarterly Statistics

(Unaudited) (in thousands of dollars except per share amounts)	Sales at List	Earnings Before Extraordinary Item	Net Earnings	Per Share			Market Price	
				Earnings Before Extraordinary Item	Earnings After Extraordinary Item	Dividends	High	Low
Fiscal 1986								
First Quarter	\$ 86,833	\$ 3,968	\$ 3,968	\$0.53	\$0.53	\$0.14	\$22 ³ / ₈	\$20 ⁵ / ₈
Second Quarter	90,959	4,331	4,331	0.58	0.58	0.16	26 ³ / ₄	21
Third Quarter	88,059	3,124	3,124	0.41	0.41	0.16	31 ¹ / ₄	23 ³ / ₄
Fourth Quarter	81,365	4,008	4,008	0.54	0.54	0.16	35 ¹ / ₄	28 ¹ / ₂
Annual	347,216	15,431	15,431	2.06	2.06	0.62	35 ¹ / ₄	20 ⁵ / ₈
Fiscal 1985								
First Quarter	80,426	3,629	3,629	0.48	0.48	0.13	16 ¹ / ₈	13 ⁵ / ₈
Second Quarter	86,489	2,887	2,887	0.39	0.39	0.14	18 ⁷ / ₈	15 ⁷ / ₈
Third Quarter	87,481	2,628	1,099	0.35	0.15	0.14	20 ¹ / ₄	18 ¹ / ₄
Fourth Quarter	67,125	3,331	3,331	0.44	0.44	0.14	22 ¹ / ₄	19
Annual	321,521	12,475	10,946	1.66	1.46	0.55	22 ¹ / ₄	13 ⁵ / ₈

Six-Year Review

(in thousands of dollars except per share amounts)	Fiscal year ended					
	August 3, 1986	July 28, 1985	July 29, 1984	July 31, 1983	August 1, 1982	August 2, 1981
Operations						
Sales at list	\$ 347,216	\$ 321,521	\$ 294,222	\$ 281,214	\$ 259,042	\$ 259,975
Net sales	313,871	290,797	265,053	253,343	235,360	240,687
Interest and other income	1,905	2,051	1,718	716	1,114	1,812
Costs and expenses	285,401	268,804	246,440	234,315	217,857	220,168
Interest expense	2,535	2,503	2,599	561	1,295	728
Earnings before taxes	27,840	21,993	18,613	19,183	17,322	21,603
Taxes on earnings	12,409	9,518	7,777	7,258	6,961	8,940
Net earnings	15,431	10,946	10,231	11,925	10,361	12,663
Regular dividends	4,650	4,125	2,925	10,006	9,475	12,500
Depreciation expense	4,095	4,167	4,071	3,996	3,762	3,757
Purchase of plant assets	9,449	5,025	3,510	3,339	6,300	5,666
Year end financial position						
Current assets	105,126	92,837	85,239	75,734	74,591	79,293
Working capital	74,776	68,717	61,742	53,611	51,057	49,522
Plant assets (net)	42,727	38,083	37,903	38,788	39,845	37,518
Total assets	147,853	130,920	123,142	114,522	114,436	120,159
Long-term debt	19,912	19,900	19,887	19,875	—	—
Shareholders' equity	90,755	80,354	73,533	66,227	84,308	83,422
Shares outstanding (thousands)	7,489	7,500	7,500	7,500	7,500	7,500
Per share						
Net earnings	2.06	1.46	1.36	1.59	1.38	1.69
Book value	12.10	10.71	9.80	8.83	11.24	11.12
Ratios						
Current ratio	3.46:1	3.85:1	3.63:1	3.42:1	3.17:1	2.66:1
Return on net sales	4.9%	3.8%	3.9%	4.7%	4.4%	5.3%
Return on average shareholders' equity	18.0%	14.2%	14.6%	15.8%	12.4%	15.2%

Directors and Officers

Directors



Left to right: R.G. McGovern, J.W. Argabright, C.D. Clark, W.G. Drover.



Left to right: G.L. O'Leary, B.C. Matthews, D.R. McCamus, J.A. Rhind, N. de Gaspé-Beaubien, E.J.M. Huycke, J.J. Giasson.

Directors

R. Gordon McGovern
Chairman of the Board
Campbell Soup Company Ltd
President and Chief
Executive Officer
Campbell Soup Company
Camden, New Jersey

●▲ C. David Clark
President and Chief
Executive Officer
Campbell Soup Company Ltd
Toronto, Ontario

John W. Argabright
Vice President
Campbell Soup Company
and President, Campbell
International Division
Camden, New Jersey

■ W. Godfrey Drover
Senior Vice President –
Operations
Campbell Soup Company Ltd
Toronto, Ontario

● Nan-bowles de Gaspé – Beaubien
Vice President – Human Resources
Telemedia Inc.
Montreal, Quebec

◆ Jacques J. Giasson
Chairman of the Board and
Chief Executive Officer
Groulx-Robertson Ltd.
Montreal, Quebec

●■ Edward J.M. Huycke, Q.C.
Partner
Osler, Hoskin & Harcourt
Toronto, Ontario

◆ Burton C. Matthews
President
University of Guelph
Guelph, Ontario

▲■ David R. McCamus
President and
Chief Executive Officer
Xerox Canada Inc.
North York, Ontario

● George L. O'Leary
Chairman and
Chief Executive Officer
Scott Paper Limited
Vancouver, British Columbia

◆■ John A. Rhind
Chairman of the Board
Confederation Life
Insurance Company
Toronto, Ontario

◆ Audit Committee
● Compensation Committee
▲ Pension Committee
■ Executive Committee

Officers

G. Jeff Arnold
Controller

Peter M. Barkla
Vice President –
Human Resources

John M. Cassaday
Senior Vice President –
Marketing and Sales

C. David Clark
President and
Chief Executive Officer

Pierre Y. Couture
Vice President – Sales

W. Godfrey Drover
Senior Vice President –
Operations

Robert J. Galloway
Vice President – Advertising
and Marketing Services

David J. Lewis
Vice President –
Corporate Development

R. Gordon McGovern
Chairman of the Board

David R. Morris
Treasurer

Thomas C. Peddie
Vice President – Finance,
Secretary and Chief Financial Officer

Rapport annuel

Si vous désirez recevoir ce rapport en français, veuillez vous adresser au Secrétaire, Les Soupes Campbell Ltée, 60 Birmingham St., Toronto (Ontario) M8V 2B8.

Corporate Data

General Office
Campbell Soup Company Ltd
60 Birmingham Street
Toronto, Ontario M8V 2B8
(416) 251-1131

Transfer Agent and Registrar
The Canada Trust Company
Halifax, Montreal, Toronto, Winnipeg,
Regina, Calgary and Vancouver

For Shareholder Information, contact:
Thomas C. Peddie
Vice President—Finance, Secretary and
Chief Financial Officer

Annual Meeting

The annual meeting of shareholders will be held in the Regency Room at the Four Seasons Hotel, 21 Avenue Road, Toronto, Ontario, on November 26, 1986 at 2:30 p.m. EST. Refreshments will be served following the meeting.

Plant Locations

Chatham, Ont.	Juices and vegetable processing
Listowel, Ont.	Frozen foods
St. Marys, Ont.	Poultry processing
Toronto, Ont.	Canned foods
Portage la Prairie, Man.	Canned foods
Wolfville, N.S.	Juice and condiments
	Italian specialties
Montreal, Que.	Condiments
Saskatoon, Sask.	

Farms

Listowel, Ont.	Poultry
Wellington, Ont.	Mushrooms
Portage la Prairie, Man.	Mushrooms
Oakville, Man.	Mushrooms

District Sales Offices

Dartmouth, N.S.	Winnipeg, Man.
Montreal, Que.	Calgary, Alta.
Toronto, Ont.	Burnaby, B.C.



Committed to “well-being” and to working together as a team: Campbell’s management team poses after climbing a sheer 90-foot rock face during a seven-day “Outward Bound”

Wilderness School adventure in Northern Ontario. From left to right are Tom Peddie, Peter Barkla, Pierre Couture, John Cassaday, David Lewis, Godfrey Drover and David Clark.

Campbell Soup Company Ltd

60 Birmingham Street
Toronto, Ontario M8V 2B8
(416) 251-1131

CAMPBELL SOUP COMPANY LTD

NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS

NOVEMBER 26, 1986

AND

MANAGEMENT PROXY CIRCULAR

To be held at 2:30 p.m.
Wednesday, November 26, 1986
Regency West Room, Four Seasons Hotel
Toronto, Ontario

CAMPBELL SOUP COMPANY LTD

NOTICE OF 1986 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of the Shareholders of Campbell Soup Company Ltd will be held in the REGENCY WEST ROOM, FOUR SEASONS HOTEL, 21 AVENUE ROAD, TORONTO, ONTARIO, ON WEDNESDAY, NOVEMBER 26, 1986, AT 2:30 O'CLOCK IN THE AFTERNOON (TORONTO TIME) for the purpose of:

- (a) confirming, with or without variation, Special Resolution "A" of the Company, being a special resolution subdividing each of the issued common shares of the Company on a two-for-one basis;
- (b) receiving the Directors' annual report and the financial statements of the Company for the fiscal year ended August 3, 1986, together with the Auditors' report thereon;
- (c) electing Directors for the ensuing year;
- (d) appointing Auditors and authorizing the Board of Directors to fix their remuneration; and
- (e) transacting such other business, including amendments to the foregoing, as may properly come before the Meeting, or any adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS



Thomas C. Peddie
Secretary

Toronto, Ontario, October 31, 1986.

Note: Shareholders are requested to complete and return the enclosed form of proxy in the envelope provided.

CAMPBELL SOUP COMPANY LTD
60 Birmingham Street
Toronto, Ontario
M8V 2B8

MANAGEMENT PROXY CIRCULAR

October 31, 1986

GENERAL INFORMATION

THIS PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES ON BEHALF OF THE MANAGEMENT OF CAMPBELL SOUP COMPANY LTD ("COMPANY") FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS ("MEETING") MENTIONED IN THE FOREGOING NOTICE OF MEETING.

If the enclosed form of proxy is duly completed and returned, all shares in respect of which the persons named therein are appointed to act, will be voted or withheld from voting, in accordance with the Shareholder's specifications, on any ballot that may be called for at the Meeting. Should no such specification be made, then the shares will be voted as stated in the proxy.

The cost of sending notice of the Meeting and soliciting proxies for the Meeting will be paid by the Company.

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY ARE DIRECTORS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) OTHER THAN THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TO ATTEND AND ACT FOR SUCH SHAREHOLDER AT THE MEETING. Such right may be exercised by completing the enclosed form of proxy or by completing another appropriate form of proxy and, in either case, delivering or mailing the completed proxy to the Secretary of the Company before the Meeting.

Pursuant to subsection 4 of Section 142 of the Canada Business Corporations Act, any Shareholder may revoke a proxy previously given by submitting another proxy or other appropriate instrument in writing, executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized person, and depositing it either at the registered office of the Company located at 60 Birmingham Street, Toronto, Ontario, M8V 2B8, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of and up to the time of the Meeting or any adjournment thereof or in any other manner permitted by law.

THE ENCLOSED FORM OF PROXY WILL CONFER DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS TO THE MATTERS SET FORTH IN THE NOTICE AND WITH RESPECT TO ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING.

To the best of management's knowledge, the only business which will be presented for action at the Meeting is the business described in the Notice. IF AMENDMENTS TO THE MATTERS IDENTIFIED IN THE NOTICE OF THE MEETING OR IF OTHER MATTERS PROPERLY COME BEFORE THE MEETING, IT IS THE INTENTION OF THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TO VOTE IN ACCORDANCE WITH THEIR JUDGEMENT ON SUCH MATTERS.

VOTING SHARES

As of October 31, 1986, the Company had outstanding 7,459,100 common shares. The Company's common shares are the only shares entitled to be voted at the Meeting and each such common share is entitled to one vote.

The record date for the determination of the persons entitled to receive notice of and to attend and vote at the Meeting is deemed by the Canada Business Corporations Act to be at the close of business on October 31, 1986, except to the extent that subsequent transferees become entitled to vote by complying with the requirements of subsection 2 of Section 132 of that Act.

As of October 31, 1986, Campbell Investment Company (a wholly-owned subsidiary of Campbell Soup Company) owned 5,250,000 common shares of the Company, representing approximately seventy percent of the total outstanding common shares.

The Directors and Officers of the Company have no knowledge of any person or corporation other than Campbell Investment Company which beneficially owns or exercises control or direction over more than ten percent (10%) of the outstanding common shares of the Company.

A quorum at the Meeting will consist of Shareholders present in person or represented by proxy holding not less than a majority of the common shares.

ELECTION OF DIRECTORS

Under the Articles and By-Laws of the Company, the Board of Directors consists of a minimum of 3 members and a maximum of 15 members; the number of Directors within such range is to be determined by the Board from time to time. The Directors have determined that the Board of Directors shall consist of eleven (11) members. Directors are elected by the highest number of votes cast in respect of their election at the Meeting.

IT IS THE INTENTION OF THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY (IN THE EVENT THAT AUTHORITY IS NOT WITHHELD) TO VOTE IN FAVOUR OF THE ELECTION TO THE BOARD OF DIRECTORS OF THE ELEVEN NOMINEES OF MANAGEMENT LISTED IN THE FOLLOWING TABLE FOR TERMS TO EXPIRE AT THE CLOSE OF THE 1987 ANNUAL MEETING OF SHAREHOLDERS OR UNTIL A SUCCESSOR IS ELECTED OR APPOINTED.

MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT SHOULD ANY NOMINEE FOR ANY REASON BECOME UNABLE BEFORE THE MEETING TO SERVE AS A DIRECTOR, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY WILL VOTE FOR THE ELECTION OF ANOTHER NOMINEE TO THE OFFICE OF DIRECTOR IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS WITHHELD AUTHORITY FROM VOTING IN THE ELECTION OF DIRECTORS.

The table and notes below show as of October 31, 1986, (1) the name of each Nominee; (2) the present principal occupation or employment of each Nominee; (3) all other major positions and offices held by each Nominee with the Company and significant affiliated companies; (4) the period during which each Nominee has served as a Director; and (5) the number of common shares of the Company and of Campbell Soup Company beneficially owned by each Nominee or over which each Nominee exercises control or direction (unless otherwise indicated, no shares are owned, controlled or directed).

NOMINEE	Director Since	Common Shares of the Company
R. GORDON McGOVERN Chairman of the Board of the Company, President and Chief Executive Officer, Campbell Soup Company (Convenience Foods) and member of its Board of Directors	November 5, 1982	See Note 1
JOHN W. ARGABRIGHT Vice President, Campbell Soup Company (Convenience Foods) and President, Campbell International Division	September 26, 1986	Nil
C. DAVID CLARK ⁽²⁾ President and Chief Executive Officer of the Company	March 28, 1983	378
NAN-BOWLES DE GASPÉ BEAUBIEN Vice-President – Human Resources, Telemedia Inc. (Communications and Publishing)	November 27, 1985	Nil
W. GODFREY DROVER ⁽²⁾ Senior Vice President – Operations of the Company	September 23, 1981	478
JACQUES J. GIASSON ⁽¹⁾ Chairman of the Board and Chief Executive Officer, Groulx-Robertson Ltd. (Manufacture and Sale of Industrial Solvents)	November 28, 1978	Nil
EDWARD J. M. HUYCKE, Q.C. ⁽²⁾ Partner, Osler, Hoskin & Harcourt (Barristers and Solicitors)	June 24, 1975	500
DR. BURTON C. MATTHEWS ⁽¹⁾ President, University of Guelph (Education)	September 21, 1978	100
DAVID R. McCAMUS ⁽²⁾ President and Chief Executive Officer, Xerox Canada Inc. (Manufacture, Marketing, Servicing and Financing of Reprographic and Business Systems Products)	November 27, 1985	200

NOMINEE	Director Since	Common Shares of the Company
GEORGE L. O'LEARY Chairman and Chief Executive Officer, Scott Paper Limited (Manufacture and Sale of Paper Products)	May 27, 1975	500
JOHN A. RHIND ^(1,2) Chairman of the Board, Confederation Life Insurance Company (Life Insurance)	September 21, 1978	500

1. Member of the Audit Committee.
2. Member of the Executive Committee.

NOTES:

1. R. Gordon McGovern is an Officer and Director of Campbell Soup Company which owns all of the issued and outstanding shares in the capital stock of Campbell Investment Company. A statement of the beneficial ownership of shares in the capital stock of the Company by Campbell Investment Company may be found under "Voting Shares". R. Gordon McGovern owns 4,036 capital shares of Campbell Soup Company.
2. W. Godfrey Drover owns 1,780 capital shares of Campbell Soup Company.
3. Information as to the number of common shares beneficially owned not being within the knowledge of the Company has been furnished by the Directors individually.
4. John W. Argabright was elected to the position of Vice President, Campbell Soup Company (Convenience Foods) and President of Campbell International Division, effective October 1, 1986. Prior to that time he was President of Del Monte Franchise Beverage Products division of R. J. Reynolds Industries, Inc.
5. The Directors and Officers of the Company, as a group, are indemnified against certain liabilities pursuant to by-law provisions and Directors and Officers liability insurance policies maintained by Campbell Soup Company for itself and all of its affiliates, including the Company. These policies have an overall liability limitation of U.S. \$50,000,000 per year. The general effect of the indemnification, with certain exceptions, is that if a claim is made against a Director or Officer of the Company while acting as such in good faith and without dereliction of duty, indemnification will be provided for the losses, costs and expenses which the Director or Officer shall become obligated to pay. Campbell Soup Company pays the entire premium for the Directors and Officers liability insurance.

REMUNERATION OF DIRECTORS AND OFFICERS

The table on page 7 shows the aggregate remuneration paid or payable by the Company during the fiscal year ended August 3, 1986, to the Directors of the Company as Directors and, separately, to the Officers of the Company.

The estimated aggregate cost to the Company and its subsidiaries in the fiscal year ended August 3, 1986, of all pension or retirement benefits proposed to be paid upon retirement at normal retirement age to Officers of the Company was \$58,000.

The Company pays fees to each Director who is not a full-time employee of the Company or an affiliate of the Company, in the amount of \$5,000 annually. In addition, each such Director is paid a fee of \$450 for each meeting of the Board attended. Each member of any Committee of the Board of Directors who is not a full-time employee of the Company or an affiliate of the Company is paid a fee of \$450 for each Committee meeting attended by such Director. No remuneration was paid or is payable to any Director as such by any subsidiary of the Company.

No Director who receives salary as an Officer receives additional remuneration as a Director or member of any Committee of the Board of Directors and neither of Mr. McGovern (a Director and Officer of Campbell Soup Company) nor Mr. Argabright (an Officer of Campbell Soup Company) receives any such remuneration from Campbell Soup Company Ltd or participates in any of its employee benefit plans.

NATURE OF 1986 REMUNERATION

	Directors Fees	Salaries	Bonuses	Non- Accountable Expenses	Other ¹	Total
Remuneration of Directors who were not Officers (7 persons)	\$43,700	—	—	—	—	\$ 43,700
Remuneration of Officers who received in excess of \$40,000 (10 persons including 2 Officers who were also Directors)²	—	\$1,050,014	\$153,300	—	\$102,211	\$1,305,525
TOTAL	\$43,700	\$1,050,014	\$153,300	—	\$102,211	\$1,349,225

Note 1 — 'Other' includes automobile allowance, provincial medicare premiums and life insurance premiums.

Note 2 — The aggregate paid or payable to the Executive Officers of the Company, as a group (10 Executive Officers) was \$1,305,525.

1986 EMPLOYEE SHARE OPTION PLAN

In May, 1986, the Board of Directors established the Campbell Soup Company Ltd 1986 Employee Share Option Plan ("Plan") to provide financial incentives for selected officers and other key employees of the Company, thereby promoting the long-term growth and financial success of the Company. Under the Plan, the Board of Directors may grant options to purchase up to 200,000 common shares of the Company to Officers and other key employees of the Company.

The plan provides that the exercise price per share with respect to each option is determined by the Board of Directors based on the trading price of common shares of the Company on the Toronto Stock Exchange on the business day preceding the date on which the option was granted and is not to be less than 100% of the fair market value. The exercise period of each option must be fixed by the Board of Directors but shall not be for more than 10 years from the date the option is granted. The common shares under each such option are purchasable in installments as determined by the Board of Directors.

On June 27, 1986, the Board of Directors granted options to 30 selected officers and key employees to purchase an aggregate of 34,250 common shares of the Company at a price of \$34.00 per share. The price range of the common shares of the Company on the Toronto Stock Exchange during the 30 days preceding June 27, 1986 was \$30.00 to \$35.25 and the closing price of the common shares on June 26, 1986 was \$34.00. The options are exercisable in five equal annual installments and expire on June 27, 1996. No options to purchase common shares of the Company have been exercised.

SUBDIVISION OF COMMON SHARES

On October 24, 1986 at a meeting of the Board of Directors a resolution was passed to the effect that:

- (a) subject to approval by the shareholders the Articles of the Company shall be amended to subdivide each of the issued common shares of the Company, on a two-for-one basis;
- (b) the above-mentioned subdivision of shares shall be effective at the close of business on the 8th day of December 1986; and
- (c) upon the above-mentioned subdivision of common shares becoming effective, each certificate representing common shares of the Company shall continue to represent the same number of common shares as previously, and each person registered as a holder of common shares of the Company at the time of the subdivision becoming effective (namely at the close of business on December 8, 1986) shall be entitled to receive a further certificate representing that number of additional common shares to which such holder is entitled as a result of the subdivision.

Reference is made to Shareholders' Special Resolution "A" set forth in Schedule "A" to this Information Circular.

The Board of Directors considers it to be in the best interests of the Company to subdivide the Company's issued common shares on a two-for-one basis. It is expected that the greater number of outstanding common shares resulting from the subdivision will lead to wider distribution of the Company's common shares.

The Company has been advised by its counsel that under the current published administrative policy of Revenue Canada, no disposition or acquisition will be considered to have occurred as a result of the subdivision of shares and consequently, the subdivision will not result in the realization of a gain or loss by a shareholder under the Income Tax Act (Canada).

To be effective Special Resolution "A" must be passed with or without variation by not less than two-thirds of the votes cast in respect of such Special Resolution at the Meeting of the Shareholders. If the Special Resolution is so passed, Articles of Amendment will be filed and the Articles of the Company will be amended accordingly.

IT IS THE INTENTION OF THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY (IN THE EVENT THAT AUTHORITY IS NOT WITHHELD) TO VOTE IN FAVOUR OF SPECIAL RESOLUTION "A".

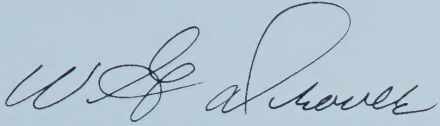
APPOINTMENT OF AUDITORS

At the Meeting, a motion will be made to appoint Price Waterhouse of Toronto as Auditors of the Company to serve until the close of the 1987 Annual Meeting of Shareholders at a remuneration to be fixed by the Directors. To become effective, the motion must be approved by a majority of the votes cast at the Meeting.

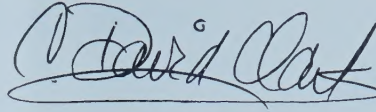
The Board of Directors recommends that the Shareholders vote in favour of such appointment, and IT IS THE INTENTION OF THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TO SO VOTE (IN THE EVENT THAT AUTHORITY IS NOT WITHHELD).

DIRECTORS' APPROVAL

The Board of Directors of the Company has approved the contents of this Management Proxy Circular and its sending to the Shareholders.



W. Godfrey Drover
Director



C. David Clark
Director

October 31, 1986

SCHEDULE A

SPECIAL RESOLUTION "A"

BE IT RESOLVED THAT:

1. The Articles of the Company be amended by subdividing each of the issued common shares of the Company on a two-for-one basis.
2. The above-mentioned subdivision of common shares of the Company shall be effective at the close of business on the 8th day of December, 1986.
3. Upon the above-mentioned subdivision of common shares becoming effective, each certificate representing common shares of the Company shall continue to represent the same number of common shares as previously and each person registered as a holder of common shares of the Company at the time of the subdivision becoming effective shall be entitled to receive a further certificate representing that number of additional common shares to which such holder is entitled as a result of the subdivision.
4. The Directors and proper officers of the Company be and they are hereby authorized and directed to sign all such documents, including Articles of Amendment, and to do all such other things as they deem necessary or desirable to implement the provisions of this resolution, provided that the Directors may, in their sole discretion, revoke this resolution without further approval from the shareholders.

